

111TH CONGRESS  
1ST SESSION

# S. 1408

To amend the Internal Revenue Code of 1986 to encourage alternative energy investments and job creation.

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## IN THE SENATE OF THE UNITED STATES

JULY 8, 2009

Mr. MENENDEZ (for himself, Mr. REID, and Mr. HATCH) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to encourage alternative energy investments and job creation.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE, ETC.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “New Alternative Transportation to Give Americans Solu-  
6       tions”.

7       (b) AMENDMENT OF 1986 CODE.—Except as other-  
8       wise expressly provided, whenever in this Act an amend-  
9       ment or repeal is expressed in terms of an amendment  
10      to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents for  
 4 this Act is as follows:

Sec. 1. Short title, etc.

#### TITLE I—PROMOTE THE PURCHASE AND USE OF NGVS WITH AN EMPHASIS ON HEAVY DUTY VEHICLES AND FLEET VEHICLES

Sec. 101. Modification of alternative fuel credit.

Sec. 102. Extension and modification of new qualified alternative fuel motor ve-  
 hicle credit.

Sec. 103. Allowance of vehicle and infrastructure credits against regular and  
 minimum tax and transferability of credits.

Sec. 104. Natural gas vehicle bonds.

Sec. 105. Modification of credit for purchase of vehicles fueled by compressed  
 natural gas or liquified natural gas.

Sec. 106. Modification of definition of new qualified alternative fuel motor vehi-  
 cle.

#### TITLE II—PROMOTE PRODUCTION OF NGVS BY ORIGINAL EQUIPMENT MANUFACTURERS

Sec. 201. Incentives for manufacturing facilities producing vehicles fueled by  
 compressed or liquified natural gas.

#### TITLE III—INCENTIVIZE THE INSTALLATION OF NATURAL GAS FUEL PUMPS AT SERVICE STATIONS AND DEPOTS AND DOMES- TIC LNG PRODUCTION FACILITIES FOR SMALL ENERGY PRO- DUCERS

Sec. 301. Extension and modification of alternative fuel vehicle refueling prop-  
 erty credit.

Sec. 302. Increase in credit for certain alternative fuel vehicle refueling prop-  
 erties.

#### TITLE IV—NATURAL GAS VEHICLES

Sec. 401. Natural gas vehicles in Federal fleet.

Sec. 402. Grants for natural gas vehicles research and development.

Sec. 403. Sense of the Senate on EPA certification of NGV retrofit kits.

1 **TITLE I—PROMOTE THE PUR-**  
 2 **CHASE AND USE OF NGVS**  
 3 **WITH AN EMPHASIS ON**  
 4 **HEAVY DUTY VEHICLES AND**  
 5 **FLEET VEHICLES**

6 **SEC. 101. MODIFICATION OF ALTERNATIVE FUEL CREDIT.**

7 (a) ALTERNATIVE FUEL CREDIT.—Paragraph (5) of  
 8 section 6426(d) (relating to alternative fuel credit) is  
 9 amended by inserting “, and December 31, 2019, in the  
 10 case of any sale or use involving compressed or liquefied  
 11 natural gas)” after “hydrogen”.

12 (b) ALTERNATIVE FUEL MIXTURE CREDIT.—Para-  
 13 graph (3) of section 6426(d) is amended by inserting “,  
 14 and December 31, 2019, in the case of any sale or use  
 15 involving compressed or liquefied natural gas)” after “hy-  
 16 drogen”.

17 (c) PAYMENTS RELATING TO ALTERNATIVE FUEL OR  
 18 ALTERNATIVE FUEL MIXTURES.—Paragraph (6) of sec-  
 19 tion 6427(e) is amended—

20 (1) in subparagraph (C)—

21 (A) by striking “subparagraph (D)” in  
 22 subparagraph (C) and inserting “subpara-  
 23 graphs (D) and (E)”, and

24 (B) by striking “and” at the end thereof,

1           (2) by striking the period at the end of sub-  
 2       paragraph (D) and inserting “, and”, and

3           (3) by inserting at the end the following:

4                   “(E) any alternative fuel or alternative fuel  
 5       mixture (as so defined) involving compressed or  
 6       liquefied natural gas sold or used after Decem-  
 7       ber 31, 2019.”.

8       (d) EFFECTIVE DATE.—The amendments made by  
 9       this section shall apply to fuel sold or used after the date  
 10      of the enactment of this Act.

11   **SEC. 102. EXTENSION AND MODIFICATION OF NEW QUALI-**  
 12                   **FIED ALTERNATIVE FUEL MOTOR VEHICLE**  
 13                   **CREDIT.**

14       (a) IN GENERAL.—Paragraph (4) of section 30B(k)  
 15      (relating to termination) is amended by inserting “(De-  
 16      cember 31, 2019, in the case of a vehicle powered by com-  
 17      pressed or liquefied natural gas)” before the period at the  
 18      end.

19       (b) EFFECTIVE DATE.—The amendment made by  
 20      subsection (a) shall apply to property placed in service  
 21      after the date of the enactment of this Act.

1 **SEC. 103. ALLOWANCE OF VEHICLE AND INFRASTRUCTURE**  
 2 **CREDITS AGAINST REGULAR AND MINIMUM**  
 3 **TAX AND TRANSFERABILITY OF CREDITS.**

4 (a) BUSINESS CREDITS.—Subparagraph (B) of sec-  
 5 tion 38(c)(4) is amended by striking “and” at the end of  
 6 clause (vii), by striking the period at the end of clause  
 7 (viii) and inserting “, and”, and by inserting after clause  
 8 (viii) the following new clauses:

9 “(ix) the portion of the credit deter-  
 10 mined under section 30B which is attrib-  
 11 utable to the application of subsection  
 12 (e)(3) thereof with respect to new qualified  
 13 alternative fuel motor vehicles which are  
 14 capable of being powered by compressed or  
 15 liquefied natural gas, and

16 “(x) the portion of the credit deter-  
 17 mined under section 30C which is attrib-  
 18 utable to the application of subsection (b)  
 19 thereof with respect to refueling property  
 20 which is used to store and or dispense  
 21 compressed or liquefied natural gas.”.

22 (b) PERSONAL CREDITS.—

23 (1) NEW QUALIFIED ALTERNATIVE FUEL  
 24 MOTOR VEHICLES.—Subsection (g) of section 30B is  
 25 amended by adding at the end the following new  
 26 paragraph:

1           “(3) SPECIAL RULE RELATING TO CERTAIN  
 2           NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHI-  
 3           CLES.—In the case of the portion of the credit deter-  
 4           mined under subsection (a) which is attributable to  
 5           the application of subsection (e)(3) with respect to  
 6           new qualified alternative fuel motor vehicles which  
 7           are capable of being powered by compressed or liq-  
 8           uefied natural gas—

9                   “(A) paragraph (2) shall (after the appli-  
 10                  cation of paragraph (1)) be applied separately  
 11                  with respect to such portion, and

12                   “(B) in lieu of the limitation determined  
 13                  under paragraph (2), such limitation shall not  
 14                  exceed the excess (if any) of—

15                           “(i) the sum of the regular tax liabil-  
 16                           ity (as defined in section 26(b)) plus the  
 17                           tentative minimum tax for the taxable  
 18                           year, reduced by

19                           “(ii) the sum of the credits allowable  
 20                           under subpart A and sections 27 and 30.”.

21           (2) ALTERNATIVE FUEL VEHICLE REFUELING  
 22           PROPERTIES.—Subsection (d) of section 30C is  
 23           amended by adding at the end the following new  
 24           paragraph:

1           “(3) SPECIAL RULE RELATING TO CERTAIN AL-  
 2           TERNATIVE FUEL VEHICLE REFUELING PROP-  
 3           ERTIES.—In the case of the portion of the credit de-  
 4           termined under subsection (a) with respect to refuel-  
 5           ing property which is used to store and or dispense  
 6           compressed or liquefied natural gas and which is at-  
 7           tributable to the application of subsection (b)—

8                   “(A) paragraph (2) shall (after the appli-  
 9                   cation of paragraph (1)) be applied separately  
 10                  with respect to such portion, and

11                  “(B) in lieu of the limitation determined  
 12                  under paragraph (2), such limitation shall not  
 13                  exceed the excess (if any) of—

14                   “(i) the sum of the regular tax liabil-  
 15                   ity (as defined in section 26(b)) plus the  
 16                   tentative minimum tax for the taxable  
 17                   year, reduced by

18                   “(ii) the sum of the credits allowable  
 19                   under subpart A and sections 27, 30, and  
 20                   the portion of the credit determined under  
 21                   section 30B which is attributable to the  
 22                   application of subsection (e)(3) thereof.”.

23           (c) CREDITS MAY BE TRANSFERRED.—

(1) VEHICLE CREDITS.—Subsection (h) of section 30B is amended by adding at the end the following new paragraph:

“(11) TRANSFERABILITY OF CREDIT.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a taxpayer who places in service any new qualified alternative fuel motor vehicle which is capable of being powered by compressed or liquefied natural gas may transfer the credit allowed under this section by reason of subsection (e) with respect to such vehicle through an assignment to the seller or lessor of such vehicle. Such transfer may be revoked only with the consent of the Secretary.

“(B) DENIAL OF DOUBLE BENEFIT.—No assignment of a credit allowed under this section by reason of subsection (e) with respect to any new qualified alternative fuel motor vehicle which is capable of being powered by compressed or liquefied natural gas may be made under subparagraph (A) to a taxpayer who has claimed a credit under section 54G with respect to the financing of such vehicle.

“(C) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to en-



1           sure that any credit transferred under subpara-  
 2           graph (A) is claimed once and not reassigned  
 3           by such other person.”.

4           (2) INFRASTRUCTURE CREDIT.—Subsection (e)  
 5           of section 30C is amended by adding at the end the  
 6           following new paragraph:

7           “(7) TRANSFERABILITY OF CREDIT.—

8           “(A) IN GENERAL.—Except as provided in  
 9           subparagraph (B), a taxpayer who places in  
 10          service any qualified alternative fuel vehicle re-  
 11          fueling property relating to compressed or lique-  
 12          fied natural gas may transfer the credit allowed  
 13          under this section with respect to such property  
 14          through an assignment to the seller or lessor of  
 15          such property. Such transfer may be revoked  
 16          only with the consent of the Secretary.

17          “(B) DENIAL OF DOUBLE BENEFIT.—No  
 18          assignment of a credit allowed under this sec-  
 19          tion by reason of subsection (e) with respect to  
 20          any qualified alternative fuel vehicle refueling  
 21          property relating to compressed or liquefied  
 22          natural gas may be made under subparagraph  
 23          (A) to a taxpayer who has claimed a credit  
 24          under section 54G with respect to the financing  
 25          of such property.

1           “(C) REGULATIONS.—The Secretary shall  
 2           prescribe such regulations as necessary to en-  
 3           sure that any credit transferred under subpara-  
 4           graph (A) is claimed once and not reassigned  
 5           by such other person.”.

6           (d) EFFECTIVE DATE.—The amendments made by  
 7           this section shall apply with respect to property placed in  
 8           service after the date of the enactment of this Act.

9   **SEC. 104. NATURAL GAS VEHICLE BONDS.**

10          (a) IN GENERAL.—Subpart I of part IV of sub-  
 11          chapter A of chapter 1 (relating to qualified tax credit  
 12          bonds) is amended by adding at the end the following new  
 13          section:

14   **“SEC. 54G. NATURAL GAS VEHICLE BONDS.**

15          “(a) NATURAL GAS VEHICLE BOND.—For purposes  
 16          of this subpart, the term ‘natural gas vehicle bond’ means  
 17          any bond issued as part of an issue if—

18               “(1) 100 percent of the available project pro-  
 19               ceeds of such issue are to be used for capital expend-  
 20               itures incurred by a governmental body for 1 or  
 21               more qualified natural gas vehicle projects placed in  
 22               service by such governmental body primarily for gov-  
 23               ernmental or public use,

24               “(2) the bond is issued by a governmental body,

1           “(3) the issuer designates such bond for pur-  
2       poses of this section, and

3           “(4) in lieu of the requirements of section  
4       54A(d)(2), the issue meets the requirements of sub-  
5       section (c).

6       “(b) LIMITATION ON AMOUNT OF BONDS DES-  
7       IGNATED.—

8           “(1) IN GENERAL.—The maximum aggregate  
9       face amount of bonds which may be designated  
10      under subsection (a) by any issuer shall not exceed  
11      the limitation amount allocated under this sub-  
12      section to such issuer.

13          “(2) NATIONAL LIMITATION ON AMOUNT OF  
14      BONDS DESIGNATED.—There is a national natural  
15      gas vehicle bond limitation of \$3,000,000,000.

16          “(3) ALLOCATION BY SECRETARY.—The Sec-  
17      retary shall allocate the amount described in para-  
18      graph (2) among qualified natural gas vehicle  
19      projects in such manner as the Secretary determines  
20      appropriate.

21      “(c) SPECIAL RULES RELATING TO EXPENDI-  
22      TURES.—

23          “(1) IN GENERAL.—An issue shall be treated as  
24      meeting the requirements of this subsection if, as of  
25      the date of issuance, the issuer reasonably expects—

1           “(A) 100 percent or more of the available  
2           project proceeds of such issue are to be spent  
3           for 1 or more qualified natural gas vehicle  
4           projects within the 5-year period beginning on  
5           the date of issuance of the natural gas vehicle  
6           bond,

7           “(B) a binding commitment with a third  
8           party to spend at least 10 percent of such avail-  
9           able project proceeds will be incurred within the  
10          6-month period beginning on the date of  
11          issuance of the natural gas vehicle bond, and

12          “(C) such projects will be completed with  
13          due diligence and such available project pro-  
14          ceeds will be spent with due diligence.

15          “(2) EXTENSION OF PERIOD.—Upon submis-  
16          sion of a request prior to the expiration of the period  
17          described in paragraph (1)(A), the Secretary may  
18          extend such period if the issuer establishes that the  
19          failure to satisfy the 5-year requirement is due to  
20          reasonable cause and the related projects will con-  
21          tinue to proceed with due diligence.

22          “(3) FAILURE TO SPEND REQUIRED AMOUNT  
23          OF BOND PROCEEDS WITHIN 5 YEARS.—To the ex-  
24          tent that less than 100 percent of the available  
25          project proceeds of such issue are expended by the

1 close of the 5-year period beginning on the date of  
 2 issuance (or if an extension has been obtained under  
 3 paragraph (2), by the close of the extended period),  
 4 the issuer shall redeem all of the nonqualified bonds  
 5 within 90 days after the end of such period. For  
 6 purposes of this paragraph, the amount of the non-  
 7 qualified bonds required to be redeemed shall be de-  
 8 termined in the same manner as under section 142.

9 “(d) GOVERNMENTAL BODY.—For purposes of this  
 10 section, the term ‘governmental body’ means any State or  
 11 Indian tribal government, or any political subdivision  
 12 thereof.

13 “(e) QUALIFIED NATURAL GAS VEHICLE  
 14 PROJECT.—For purposes of this subpart, the term ‘quali-  
 15 fied natural gas vehicle project’ means—

16 “(1) 1 or more new qualified alternative fuel  
 17 motor vehicles which are capable of being powered  
 18 by compressed or liquefied natural gas (within the  
 19 meaning of section 30B(e)(4)), or

20 “(2) 1 or more qualified alternative fuel vehicle  
 21 refueling properties which are used to store and or  
 22 dispense compressed or liquefied natural gas (within  
 23 the meaning of section 30C(c)).

1       “(f) TERMINATION.—This section shall not apply  
2 with respect to any bond issued after December 31,  
3 2019.”.

4       (b) CONFORMING AMENDMENTS.—

5           (1) Paragraph (1) of section 54A(d) is amended  
6 by striking “or” at the end of subparagraph (D), by  
7 inserting “or” at the end of subparagraph (E), and  
8 by inserting after subparagraph (E) the following  
9 new subparagraph:

10                   “(F) a natural gas vehicle bond,”.

11           (2) Subparagraph (C) of section 54A(d)(2) is  
12 amended by striking “and” at the end of clause (iv),  
13 by striking the period at the end of clause (v) and  
14 inserting “, and”, and by adding at the end the fol-  
15 lowing new clause:

16                   “(vi) in the case of a natural gas vehi-  
17 cle bond, a purpose specified in section  
18 54G(a)(1).”.

19       (c) CLERICAL AMENDMENT.—The table of sections  
20 for subpart I of part IV of subchapter A of chapter 1 is  
21 amended by adding at the end the following new item:

“Sec. 54G. Natural gas vehicle bonds.”.

22       (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to bonds issued after the date of  
24 the enactment of this Act.

1 **SEC. 105. MODIFICATION OF CREDIT FOR PURCHASE OF**  
2 **VEHICLES FUELED BY COMPRESSED NAT-**  
3 **URAL GAS OR LIQUIFIED NATURAL GAS.**

4 (a) INCREASE IN CREDIT.—Paragraph (2) of section  
5 30B(e) (relating to applicable percentage) is amended to  
6 read as follows:

7 “(2) APPLICABLE PERCENTAGE.—For purposes  
8 of paragraph (1), the applicable percentage with re-  
9 spect to any new qualified alternative fuel motor ve-  
10 hicle is—

11 “(A) except as provided in subparagraphs  
12 (B) and (C)—

13 “(i) 50 percent, plus

14 “(ii) 30 percent, if such vehicle—

15 “(I) has received a certificate of  
16 conformity under the Clean Air Act  
17 and meets or exceeds the most strin-  
18 gent standard available for certifi-  
19 cation under the Clean Air Act for  
20 that make and model year vehicle  
21 (other than a zero emission standard),  
22 or

23 “(II) has received an order certi-  
24 fying the vehicle as meeting the same  
25 requirements as vehicles which may be  
26 sold or leased in California and meets

1 or exceeds the most stringent stand-  
 2 ard available for certification under  
 3 the State laws of California (enacted  
 4 in accordance with a waiver granted  
 5 under section 209(b) of the Clean Air  
 6 Act) for that make and model year ve-  
 7 hicle (other than a zero emission  
 8 standard),

9 “(B) 80 percent, in the case of vehicles  
 10 that are only capable of operating on com-  
 11 pressed natural gas or liquefied natural gas, or  
 12 mix-fuel vehicles which are capable of operating  
 13 on compressed or liquefied natural gas, and

14 “(C) 50 percent, in the case of vehicles de-  
 15 scribed subsection (e)(4)(A)(i)(II).

16 For purposes of the preceding sentence, in the case  
 17 of any new qualified alternative fuel motor vehicle  
 18 which weighs more than 14,000 pounds gross vehicle  
 19 weight rating, the most stringent standard available  
 20 shall be such standard available for certification on  
 21 the date of the enactment of the Energy Tax Incen-  
 22 tives Act of 2005.”.

23 (b) HIGHER INCREMENTAL COST LIMITS FOR NAT-  
 24 URAL GAS VEHICLES.—Subsection (e) of section 30B (re-  
 25 lating to new qualified alternative fuel motor vehicle cred-



1 it) is amended by adding at the end the following new  
2 paragraph:

3 “(6) HIGHER INCREMENTAL COST LIMITS FOR  
4 NATURAL GAS VEHICLES.—In the case of new quali-  
5 fied alternative fuel motor vehicles with respect to  
6 vehicles powered by compressed or liquefied natural  
7 gas, paragraph (3) shall be applied—

8 “(A) in subparagraph (A) by substituting  
9 ‘\$12,500’ for ‘\$5,000’,

10 “(B) in subparagraph (B) by substituting  
11 ‘\$20,000’ for ‘\$10,000’,

12 “(C) in subparagraph (C) by substituting  
13 ‘\$50,000’ for ‘\$25,000’, and

14 “(D) in subparagraph (D) by substituting  
15 ‘\$80,000’ for ‘\$40,000’.”.

16 (c) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to property placed in service after  
18 the date of the enactment of this Act.

19 **SEC. 106. MODIFICATION OF DEFINITION OF NEW QUALI-**  
20 **FIED ALTERNATIVE FUEL MOTOR VEHICLE.**

21 (a) IN GENERAL.—Clause (i) of section 30B(e)(4)(A)  
22 (relating to definition of new qualified alternative fuel  
23 motor vehicle) is amended to read as follows:

24 “(i) which—

1                   “(I) is only capable of operating  
2                   on an alternative fuel, or

3                   “(II) is capable of operating on  
4                   compressed or liquefied natural gas  
5                   and gasoline or diesel fuel, but in no  
6                   case shall such vehicle have an oper-  
7                   ating range of less than 200 miles on  
8                   compressed or liquefied natural gas.”.

9           (b) CONVERSIONS AND REPOWERS.—Paragraph (4)  
10 of section 30B(e) is amended by adding at the end the  
11 following new subparagraph:

12                   “(C) CONVERSIONS AND REPOWERS.—

13                   “(i) IN GENERAL.—The term ‘new  
14                   qualified alternative fuel motor vehicle’ in-  
15                   cludes the conversion or repower of a new  
16                   or used vehicle so that it is capable of op-  
17                   erating on an alternative fuel as it was not  
18                   previously capable of operating on an alter-  
19                   native fuel.

20                   “(ii) TREATMENT AS NEW.—A vehicle  
21                   which has been converted to operate on an  
22                   alternative fuel shall be treated as new on  
23                   the date of such conversion for purposes of  
24                   this section.

1                   “(iii) RULE OF CONSTRUCTION.—In  
 2                   the case of a used vehicle which is con-  
 3                   verted or repowered, nothing in this section  
 4                   shall be construed to require that the  
 5                   motor vehicle be acquired in the year the  
 6                   credit is claimed under this section with re-  
 7                   spect to such vehicle.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
 9 this section shall apply to property placed in service after  
 10 the date of the enactment of this Act.

11 **TITLE II—PROMOTE PRODUCTION OF NGVS BY ORIGINAL**  
 12 **EQUIPMENT MANUFACTURERS**

15 **SEC. 201. INCENTIVES FOR MANUFACTURING FACILITIES**  
 16 **PRODUCING VEHICLES FUELED BY COM-**  
 17 **PRESSED OR LIQUIFIED NATURAL GAS.**

18           (a) DEDUCTION FOR MANUFACTURING FACILI-  
 19 TIES.—Part VI of subchapter B of chapter 1 of the Inter-  
 20 nal Revenue Code of 1986 (relating to itemized deductions  
 21 for individuals and corporations) is amended by inserting  
 22 after section 179E the following new section:

1 **“SEC. 179F. EXPENSING FOR MANUFACTURING FACILITIES**  
 2 **PRODUCING VEHICLES FUELED BY COM-**  
 3 **PRESSED NATURAL GAS OR LIQUIFIED NAT-**  
 4 **URAL GAS.**

5 “(a) TREATMENT AS EXPENSES.—A taxpayer may  
 6 elect to treat the applicable percentage of the cost of any  
 7 qualified natural gas vehicle manufacturing facility prop-  
 8 erty as an expense which is not chargeable to a capital  
 9 account. Any cost so treated shall be allowed as a deduc-  
 10 tion for the taxable year in which the qualified manufac-  
 11 turing facility property is placed in service.

12 “(b) APPLICABLE PERCENTAGE.—For purposes of  
 13 subsection (a), the applicable percentage is—

14 “(1) 100 percent, in the case of qualified nat-  
 15 ural gas vehicle manufacturing facility property  
 16 which is placed in service before January 1, 2015,  
 17 and

18 “(2) 50 percent, in the case of qualified natural  
 19 gas vehicle manufacturing facility property which is  
 20 placed in service after December 31, 2014, and be-  
 21 fore January 1, 2020.

22 “(c) ELECTION.—

23 “(1) IN GENERAL.—An election under this sec-  
 24 tion for any taxable year shall be made on the tax-  
 25 payer’s return of the tax imposed by this chapter for  
 26 the taxable year. Such election shall be made in such

1 manner as the Secretary may by regulations pre-  
2 scribe.

3 “(2) ELECTION IRREVOCABLE.—Any election  
4 made under this section may not be revoked except  
5 with the consent of the Secretary.

6 “(d) QUALIFIED NATURAL GAS VEHICLE MANUFAC-  
7 TURING FACILITY PROPERTY.—For purposes of this sec-  
8 tion—

9 “(1) IN GENERAL.—The term ‘qualified natural  
10 gas vehicle manufacturing facility property’ means  
11 any qualified property—

12 “(A) the original use of which commences  
13 with the taxpayer,

14 “(B) which is placed in service by the tax-  
15 payer after the date of the enactment of this  
16 section and before January 1, 2020, and

17 “(C) no written binding contract for the  
18 construction of which was in effect on or before  
19 the date of the enactment of this section.

20 “(2) QUALIFIED PROPERTY.—

21 “(A) IN GENERAL.—The term ‘qualified  
22 property’ means any property which is a facility  
23 or a portion of a facility used for the production  
24 of—

1 “(i) any new qualified alternative fuel  
 2 motor vehicle which is capable of being  
 3 powered by compressed or liquefied natural  
 4 gas (within the meaning of section  
 5 30B(e)(4)), or

6 “(ii) any eligible component.

7 “(B) ELIGIBLE COMPONENT.—The term  
 8 ‘eligible component’ means any component  
 9 which is designed specifically for use in such a  
 10 new qualified alternative fuel motor vehicle.

11 “(e) SPECIAL RULE FOR DUAL USE PROPERTY.—

12 “(1) IN GENERAL.—In the case of any qualified  
 13 natural gas vehicle manufacturing facility property  
 14 which is used to produce both property described in  
 15 clauses (i) and (ii) of subsection (d)(2)(A) and prop-  
 16 erty which is not so described, the amount of costs  
 17 taken into account under subsection (a) shall be re-  
 18 duced by an amount equal to—

19 “(A) the total amount of such costs (deter-  
 20 mined before the application of this subsection),  
 21 multiplied by

22 “(B) the percentage of property expected  
 23 to be produced which is not so described.

1           “(2) REGULATIONS.—The Secretary shall pre-  
 2       scribe such regulations as are necessary to carry out  
 3       the purpose of this subsection.”.

4       (b) REFUND OF CREDIT FOR PRIOR YEAR MINIMUM  
 5       TAX LIABILITY.—Section 53 (relating to credit for prior  
 6       year minimum tax liability) is amended by adding at the  
 7       end the following new subsection:

8           “(g) ELECTION TO TREAT AMOUNTS ATTRIBUTABLE  
 9       TO QUALIFIED MANUFACTURING FACILITY.—

10           “(1) IN GENERAL.—In the case of an eligible  
 11       taxpayer, the amount determined under subsection  
 12       (c) for the taxable year (after the application of sub-  
 13       section (e)) shall be increased by an amount equal  
 14       to the applicable percentage of any qualified natural  
 15       gas vehicle manufacturing facility property which is  
 16       placed in service during the taxable year.

17           “(2) APPLICABLE PERCENTAGE.—For purposes  
 18       of paragraph (1), the applicable percentage is—

19           “(A) 35 percent, in the case of qualified  
 20       natural gas vehicle manufacturing facility prop-  
 21       erty which is placed in service before January  
 22       1, 2015, and

23           “(B) 17.5 percent, in the case of qualified  
 24       natural gas vehicle manufacturing facility prop-

1           erty which is placed in service after December  
2           31, 2014, and before January 1, 2020.

3           “(3) ELIGIBLE TAXPAYER.—For purposes of  
4           this subsection, the term ‘eligible taxpayer’ means  
5           any taxpayer—

6                   “(A) who places in service qualified natural  
7                   gas vehicle manufacturing facility property dur-  
8                   ing the taxable year,

9                   “(B) who does not make an election under  
10                  section 179F(c), and

11                  “(C) who makes an election under this  
12                  subsection.

13           “(4) OTHER DEFINITIONS AND SPECIAL  
14           RULES.—

15                   “(A) QUALIFIED NATURAL GAS VEHICLE  
16                   MANUFACTURING FACILITY PROPERTY.—The  
17                   term ‘qualified natural gas vehicle manufac-  
18                   turing facility property’ has the meaning given  
19                   such term under section 179F(d).

20                   “(B) SPECIAL RULE FOR DUAL USE PROP-  
21                   ERTY.—In the case of any qualified natural gas  
22                   vehicle manufacturing facility property which is  
23                   used to produce both qualified property (as de-  
24                   fined in section 179F(d)) and other property  
25                   which is not qualified property, the amount of



1 costs taken into account under paragraph (1)  
2 shall be reduced by an amount equal to—

3 “(i) the total amount of such costs  
4 (determined before the application of this  
5 subparagraph), multiplied by

6 “(ii) the percentage of property ex-  
7 pected to be produced which is not quali-  
8 fied property.

9 “(C) ELECTION.—

10 “(i) IN GENERAL.—An election under  
11 this subsection for any taxable year shall  
12 be made on the taxpayer’s return of the  
13 tax imposed by this chapter for the taxable  
14 year. Such election shall be made in such  
15 manner as the Secretary may by regula-  
16 tions prescribe.

17 “(ii) ELECTION IRREVOCABLE.—Any  
18 election made under this subsection may  
19 not be revoked except with the consent of  
20 the Secretary.

21 “(5) CREDIT REFUNDABLE.—For purposes of  
22 this title (other than this section), the credit allowed  
23 by reason of this subsection shall be treated as if it  
24 were allowed under subpart C.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to taxable years beginning after  
 3 the date of the enactment of this Act.

4 **TITLE III—INCENTIVIZE THE IN-**  
 5 **STALLATION OF NATURAL**  
 6 **GAS FUEL PUMPS AT SERVICE**  
 7 **STATIONS AND DEPOTS AND**  
 8 **DOMESTIC LNG PRODUCTION**  
 9 **FACILITIES FOR SMALL EN-**  
 10 **ERGY PRODUCERS**

11 **SEC. 301. EXTENSION AND MODIFICATION OF ALTER-**  
 12 **NATIVE FUEL VEHICLE REFUELING PROP-**  
 13 **ERTY CREDIT.**

14 (a) IN GENERAL.—Subsection (g) of section 30C is  
 15 amended by striking “and” at the end of paragraph (1),  
 16 by redesignating paragraph (2) as paragraph (3), and by  
 17 inserting after paragraph (1) the following new paragraph:

18 “(2) in the case of property relating to com-  
 19 pressed or liquefied natural gas, after December 31,  
 20 2019, and”.

21 (b) EFFECTIVE DATE.—The amendments made by  
 22 subsection (a) shall apply to property placed in service  
 23 after the date of the enactment of this Act.

1 **SEC. 302. INCREASE IN CREDIT FOR CERTAIN ALTER-**  
 2 **NATIVE FUEL VEHICLE REFUELING PROP-**  
 3 **ERTIES.**

4 (a) IN GENERAL.—Subsection (b) of section 30C is  
 5 amended to read as follows:

6 “(b) LIMITATION.—The credit allowed under sub-  
 7 section (a) with respect to all qualified alternative fuel ve-  
 8 hicle refueling property placed in service by the taxpayer  
 9 during the taxable year at a location shall not exceed—

10 “(1) except as provided in paragraph (2),  
 11 \$30,000 in the case of a property of a character  
 12 subject to an allowance for depreciation,

13 “(2) in the case of a compressed natural gas,  
 14 or liquefied natural gas, the lesser of—

15 “(A) 50 percent of such cost, or

16 “(B) \$100,000, and

17 “(3) \$2,000 in any other case.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
 19 this section shall apply to property placed in service in  
 20 taxable years beginning after December 31, 2010.

21 **TITLE IV—NATURAL GAS**  
 22 **VEHICLES**

23 **SEC. 401. NATURAL GAS VEHICLES IN FEDERAL FLEET.**

24 When complying with mandatory Federal fleet alter-  
 25 native fuel vehicle purchase requirements, Federal agen-  
 26 cies shall purchase dedicated alternative fuel vehicles un-

1 less the agency can show that alternative fuel is unavail-  
2 able or purchasing such vehicles would be impractical.

3 **SEC. 402. GRANTS FOR NATURAL GAS VEHICLES RESEARCH**  
4 **AND DEVELOPMENT.**

5 (a) IN GENERAL.—The Secretary of Energy may  
6 make grants to original equipment manufacturers of light  
7 duty and heavy duty natural gas vehicles for the develop-  
8 ment of engines that reduce emissions, improve perform-  
9 ance and efficiency, and lower cost.

10 (b) LIMITATION.—The aggregate amount of grants  
11 under subsection (a) for any fiscal year shall not exceed  
12 \$30,000,000.

13 **SEC. 403. SENSE OF THE SENATE ON EPA CERTIFICATION**  
14 **OF NGV RETROFIT KITS.**

15 It is the sense of the Senate that the Environmental  
16 Protection Agency should streamline the process for cer-  
17 tification of natural gas vehicle retrofit kits to promote  
18 energy security while still fulfilling the mission of the  
19 Clean Air Act.

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